



**ARERA**  
Autorità di Regolazione per Energia Reti e Ambiente

# Measures for Reducing Energy Poverty in the EU

## Italy

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**Energy Community**

**Addressing energy poverty in the context of high energy prices and supply concerns**

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*This presentation is not an official ARERA document*

# Features of vulnerable customers (economic vulnerability)

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- Greater share of energy expenditure on income/total expenditure
- Delay in energy bills payment due to economic conditions
- More cases of non-paid energy bills
- Poor degree of information on energy consumption/energy cost/technological opportunities
- Lower control over total expenditure capability
- Appropriate information can reach vulnerable customers as well, but...

Low capability to modify consumption patterns

# Affordability in energy sector

With the liberalisation of energy sectors, four aspects of “affordability” are dealt by the Regulator

## ■ **Price**

- liberalisation/competition remove cross subsidies
- energy cost increase and economic crisis

## ■ **Accessibility to the service**

- in a competitive market, cream skimming is possible; operators could find unattractive to offer the service to all consumers

## ■ **Informed choice**

- in competitive markets more information is needed

## ■ **Efficient use of energy**

# Measures for Reducing Energy Poverty in Italy (1)

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- Based on a political decision from the Parliament and the Government
- The target:
  - Economically disadvantaged families, and
  - Customers in weak health conditions, requiring specific electrical appliances
- Additionality of benefits for consumers in both conditions

# Measures for Reducing Energy Poverty in Italy (2)

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## Aim

- To guarantee an average saving of 30% (initially 20%) in electricity expenditure and 15% in gas expenditure
- Fully compatible with competitive energy markets

## The Energy Social Bonus (ESB)

- Lump sum varying according to the number of family members (and climate zone for gas)
- Applied as a discount on the bill

## Burden recovery

- The burden for social benefits should be on tax payers
- All final energy users (electricity) or non-domestic customers (gas) pay a small levy to fund the ESB

# Access to the Energy Social Bonus

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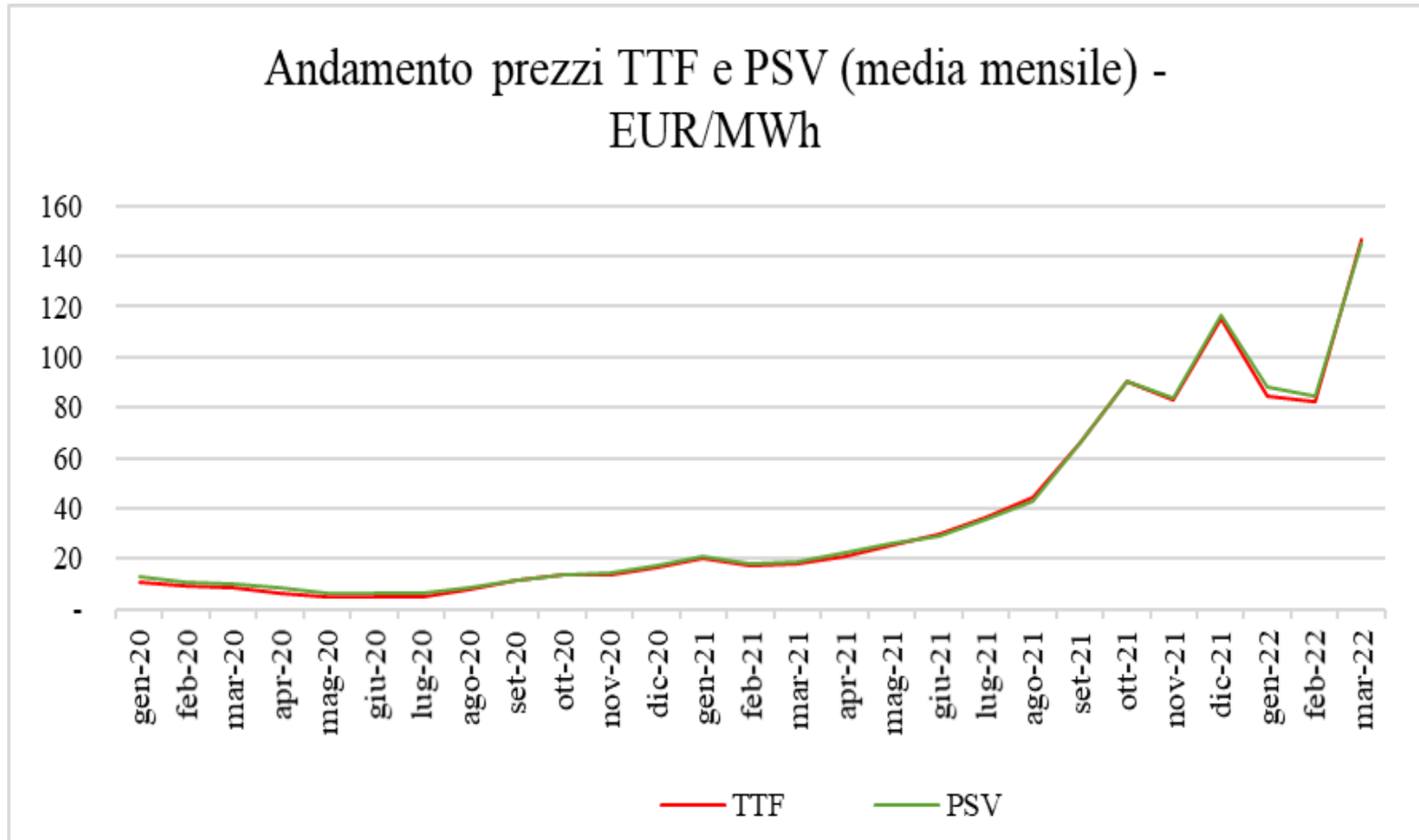
- Based on existing certification of family's economic conditions (ISEE)
- ISEE is already in use for other social policy instruments access → Low implementation cost
- ISEE is an indicator of poverty, not of “energy poverty”, but easily available for each family
- Customers initially sent yearly ESB application to local authorities (Municipalities)
- Electricity: since 2008 (800.000 families/year)
- Gas: since 2009 (500.000 families/year)

# Advantages of the Energy Social Bonus

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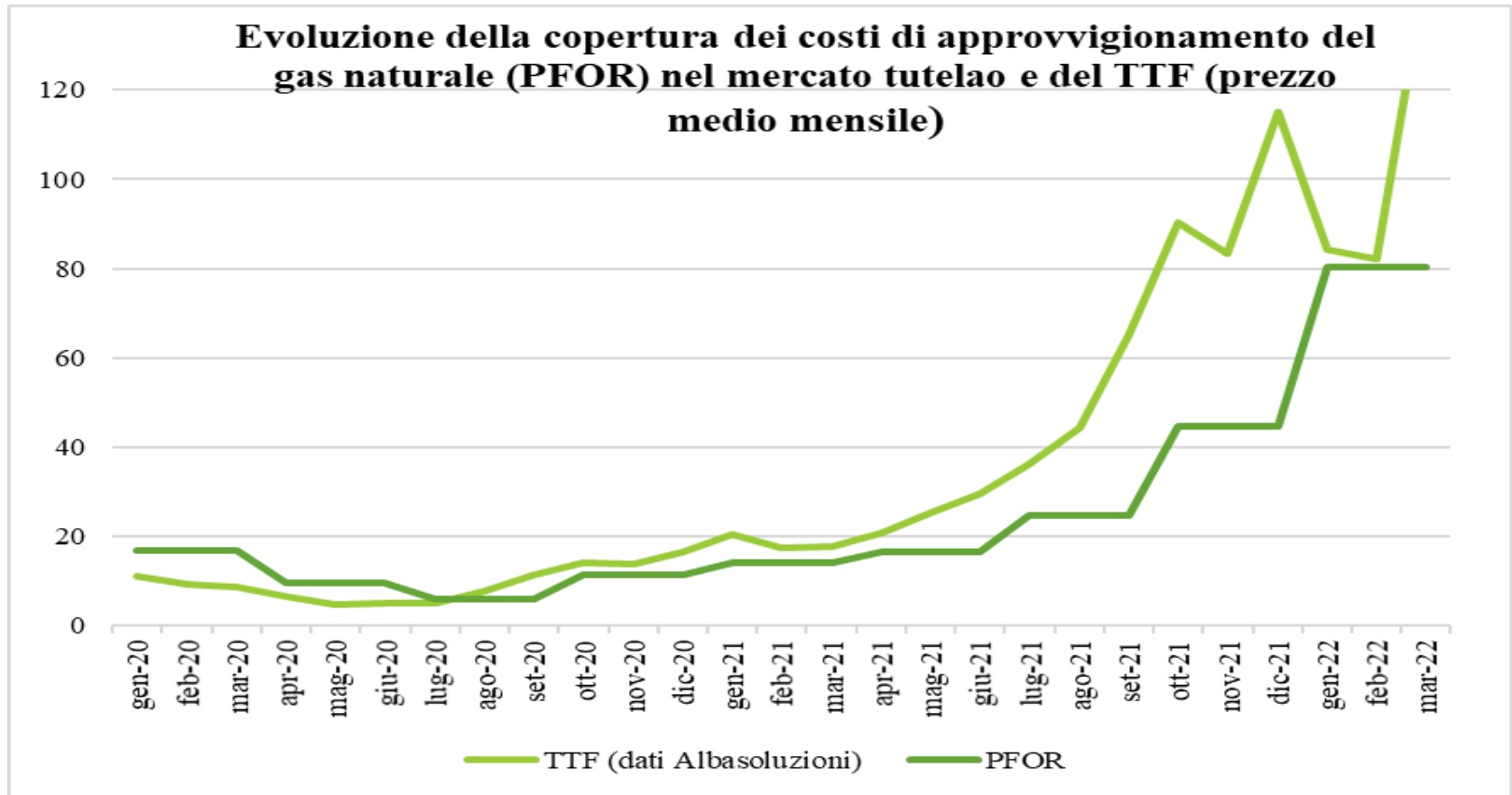
- Based on existing classification (and existing certification) of “economically vulnerable” families
- Transparency and simplicity
- Easy burden quantification
- Coherence with competition
  - Vulnerable customers can switch to a new supplier
  - No cream skimming

# Gas Price in Europe 2020-22



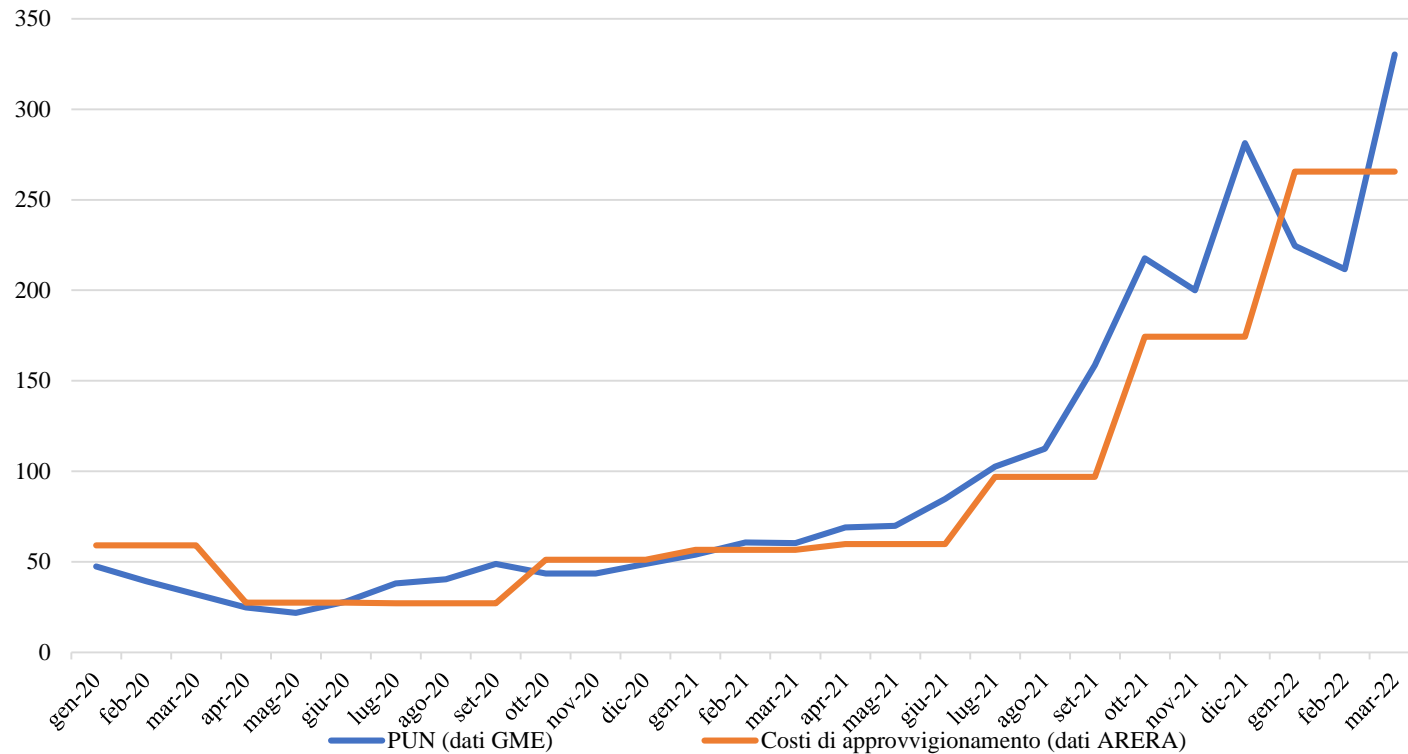


# Gas Price for Italian Domestic Customers



# Electricity Price for Italian Domestic Customers

Evoluzione dei costi di approvvigionamento energia nel mercato tutelato (componente PE) e del PUN (prezzo medio mensile) euro/MWh



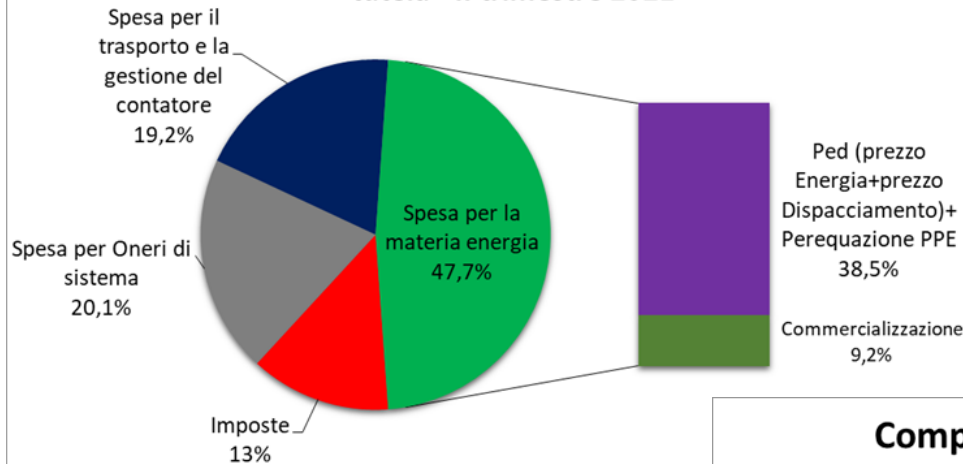
# Policy Measures Against Energy Price Increase in Italy 2021-22

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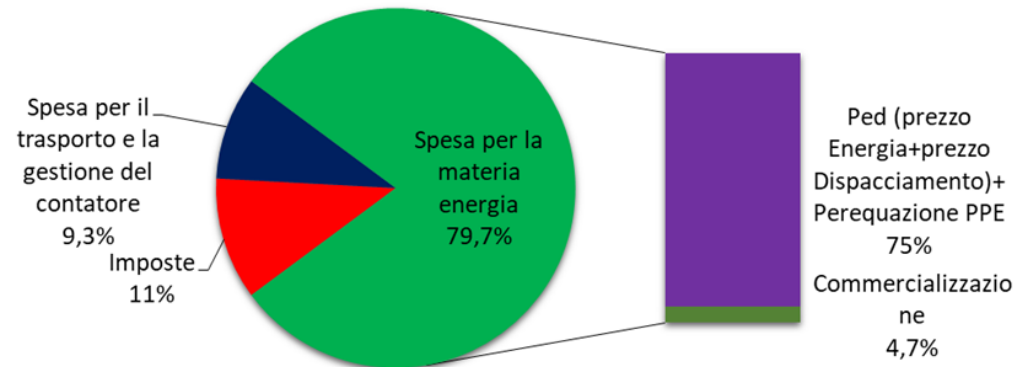
- Temporary reduction of system charges (mainly Renewables incentives) on electricity bills
- Temporary reduction of fiscal burden on gas bills
- More opportunities to pay energy bills in instalments for both families and business
- Extra-profits of energy companies are diverted to reduce energy bills
- Energy Social Bonus is temporary reinforced and extended

# Effects on the Electricity Bill

Composizione percentuale della spesa per la fornitura di energia elettrica dell'utente tipo domestico in maggior tutela - Il trimestre 2021

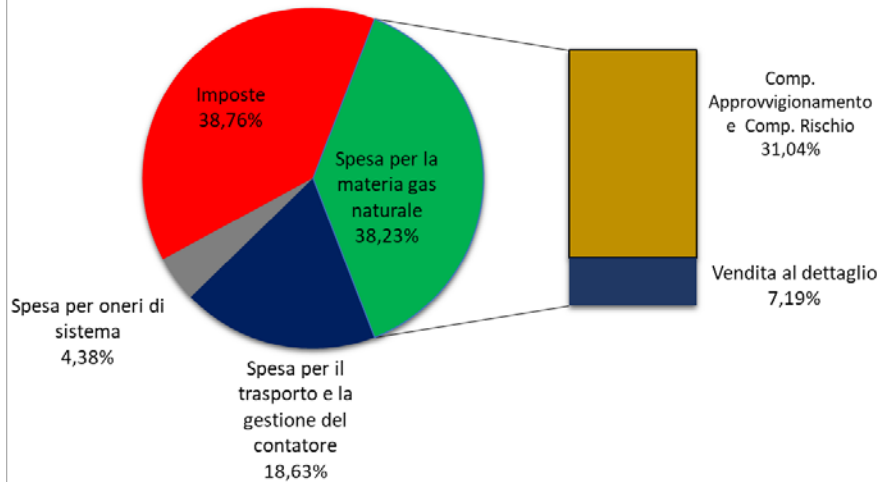


Composizione percentuale della spesa per la fornitura di energia elettrica dell'utente tipo domestico in maggior tutela - Il trimestre 2022

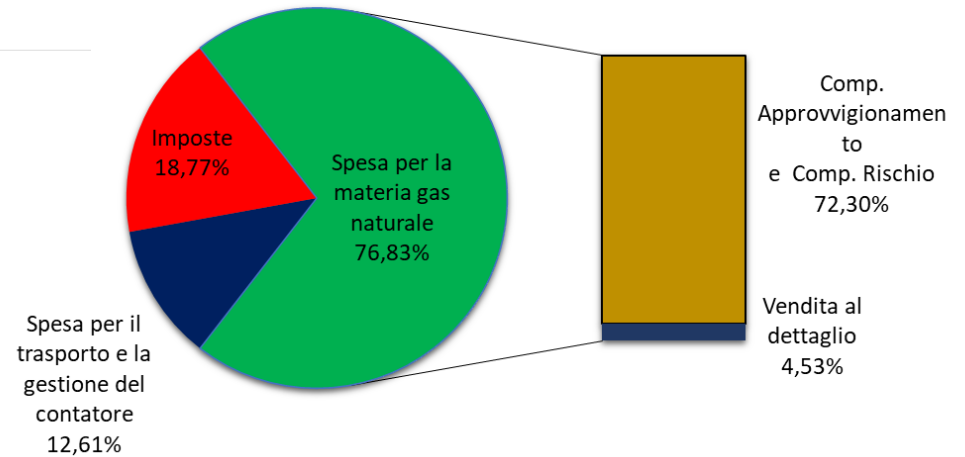


# Effects on the Gas Bill

Composizione percentuale della spesa per la fornitura di gas naturale dell'utente tipo domestico servito in tutela  
Il trimestre 2021

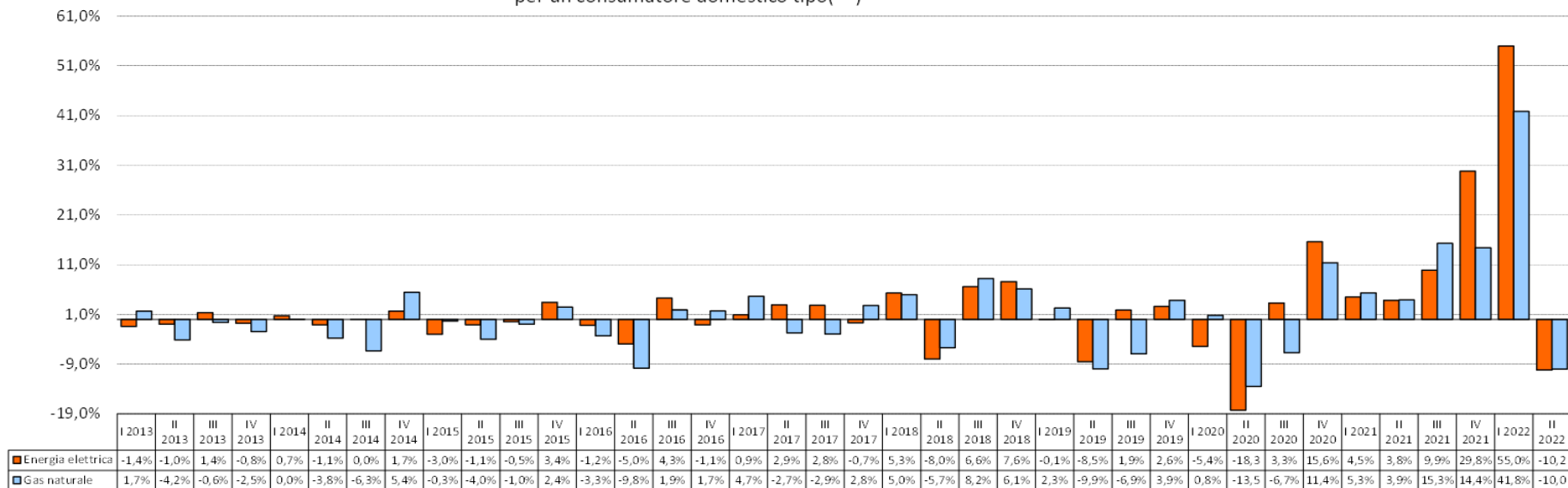


Composizione percentuale della spesa per la fornitura di gas naturale dell'utente tipo domestico servito in tutela Il trimestre 2022



# Electricity and Gas Price Variations for Italian Domestic Customers 2013-22

Variazioni trimestrali dei "prezzi di riferimento"(\*)  
per un consumatore domestico(\*\*)



(\*) Condizioni economiche di riferimento stabilite dall'Autorità che devono essere obbligatoriamente offerte a piccoli consumatori che non abbiano ancora scelto un fornitore sul mercato libero (al lordo delle imposte)

(\*\*) Consumatore domestico tipo

- per l'Energia elettrica: utente residente con un consumo annuo di 2.700 kWh e un impegno di potenza pari a 3 kW

- per il Gas naturale: utente con riscaldamento individuale e consumo annuo di 1.400 m<sup>3</sup>

# Energy Social Bonus in Times of High Energy Prices (1)

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- Since 2021: Energy Social Bonus is automatic for eligible families
- Information flow:  
INPS → SII → DSO and Retailers
- 2.500.000 families received the electricity ESB in 2021; 1.500.000 the gas ESB

# Energy Social Bonus in Times of High Energy Prices (2)

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- Economic value of Energy Social Bonus has been increased to fully compensate the increase of energy prices
- Eligible customers are still paying the same prices as in the III quarter 2021
- Temporary increase of the number of eligible customers (+ 1.000.000 families)
- The Energy Social Bonus is temporarily funded through the State Budget



# Other instruments for vulnerable customers (1)

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## ■ Sales and billing

- Billing transparency rules
- Commercial codes of conduct for energy selling, and price comparison instruments
- Information and support on efficient use of energy
- Free of charge Alternative Disputes Resolution instruments available

## ■ Payment

- One cost-free payment method has to be made available
- Unexpected high bills can be paid by instalments
- Regulated maximum interest rate for late payment

# Other instruments for vulnerable customers (2)

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## ■ Disconnections

- No disconnection for those customers who need electric appliances for health reasons
- Available power reduction before disconnection in case of non-payment (with Automated Meter Management)
- No disconnection for small debts

**Thank you for your attention**

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